PHILIPPINE COMPETITION COMMISSION
Ensuring businesses compete and consumers benefit

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IN THE MATTER OF THE PROPOSED ACQUISITION BY FEDERAL LAND NRE GLOBAL, INC. OF THE REAL PROPERTIES OF FEDERAL LAND, INC. AND GT CAPITAL HOLDINGS, INC.

MAO Case No. M-2023-008

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COMMISSION DECISION NO. 7-M-008/2023

This refers to the proposed acquisition (the Transaction) by Federal Land NRE Global, Inc. (FNG) of several real properties owned by Federal Land, Inc. (Federal Land) and GT Capital Holdings, Inc. (GT Capital) (collectively, the Parties) submitted for the review of the Philippine Competition Commission (the Commission).[1]

Upon careful review of the existing market conditions, various submissions and representations of the Parties to the Commission, application of the PCA, and its Implementing Rules and Regulations, and related issuances and the findings and recommendation of the Mergers and Acquisitions Office (MAO), the Commission finds that the Transaction will not likely result in substantial lessening, restriction, or prevention of competition for reasons discussed below.

The Parties and the Transaction

FNG, the acquirer of the subject real properties, is primarily engaged in the business of developing, operating, leasing, and buying and selling land and other types of real estate development. It is a domestic corporation incorporated in 2022 as a joint venture among Federal Land, Nomura Real Estate Development Co., Ltd. (Nomura Development), and Horizon Land Property Development Corporation (Horizon). Federal Land, Nomura Development, and Horizon hold 59%, 34%, and 7% of FNG's shares, respectively.

Grand Titan Capital Holdings, Inc. (Grand Titan) and Nomura Real Estate Holdings, Inc. (Nomura Holdings) are the Ultimate Parent Entities (UPEs) of FNG. Federal Land and Horizon are direct and indirect subsidiaries of Grand Titan, respectively, while Nomura Development is a wholly-owned subsidiary of Nomura Holdings.

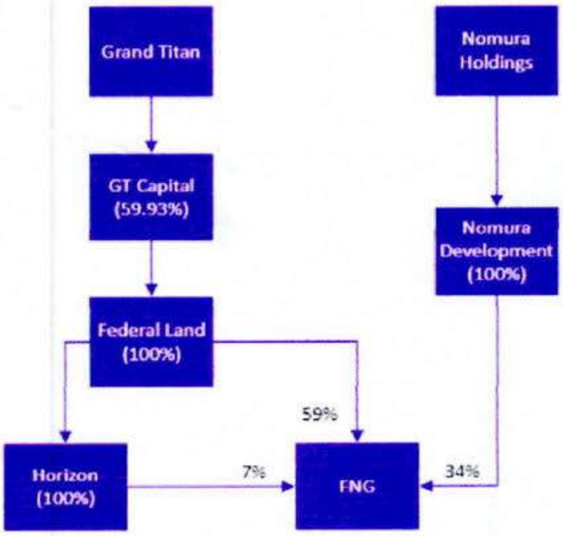
Grand Titan is a domestic company that offers business management, investment decisions, and future business development solutions to the banking, property development, power generation, automotive assembly, importation, wholesaling,

[1] The Philippine Competition Commission conducts reviews of mergers and acquisitions, including joint ventures, pursuant to Sections 16 and 17 of Republic Act No. 10667, otherwise known as the Philippine Competition Act ("PCA"), and Section 1, Rule 4 of the Implementing Rules and Regulations of the PCA.

financing, and insurance sectors in the Philippines. Nomura Holdings, on the other hand, is a Japanese corporation engaged in the management of business operations of the Nomura Real Estate Group through the possession and management of stocks. It is also engaged in real estate development and property management services in the Philippines through Nomura Development, Sunshine Fort North Bonifacio Realty Development Corporation, and Sunshine Fort North Bonifacio Commercial Management Corporation.

The affiliation of FNG to Grand Titan and Nomura Holdings is illustrated in Figure 1 below:

Figure 1: Ownership of FNG



GT Capital is a domestic holding company engaged in investing, purchasing, and holding shares of stock, notes and other securities and obligations, as well as buying, selling, and leasing of real estate properties in the Philippines. Federal Land is a domestic corporation that ventures in the acquisition, development, lease, and sale of properties of every kind, and in acting as a marketing agent for and on behalf of any real estate development company.

Post-Transaction, FNG shall acquire [redacted] of land from GT Capital and [redacted] of land from Federal Land, with a total land area of [redacted] located in General Trias and Imus, Cavite. [redacted]

[redacted] respectively. FNG intends to use the parcels of land to develop and operate various real estate projects in Cavite.

Discussion

After careful assessment, the Commission finds that the Transaction will not likely result in substantial lessening, restriction, or prevention of competition for being a mere acquisition of assets made in the ordinary course of business.

FNG is engaged in the business of property development in Mandaluyong City, Pasay City, Cavite, and Cebu. As an entity engaged in real estate development, real property is an indispensable asset being a primary input to its business. Its purchase of real properties from Federal Land and GT Capital is a preparatory step to undertake real property development in Cavite, thus, it is a transaction made in the ordinary course of business.

The proposed acquisition will have no significant and immediate effect on the market power of the Parties or the market structure post-Transaction considering that FNG is not acquiring all or substantially all the assets of Federal Land and GT Capital. The properties being purchased by FNG comprise only [redacted]% (PhP 4,397,578,237) and [redacted]% [redacted] of the value of the properties of Federal Land and GT Capital, respectively. The properties constitute only [redacted]% [redacted] of the value of the UPE's (Grand Titan's) total real property assets which are valued at [redacted]

Further, the Commission takes notice that the Parties to the Transaction are not competitors. The acquirer, FNG, and the sellers, Federal Land and GT Capital, are under the common control of the same UPE, i.e. Grand Titan. Therefore, the transfer of the subject properties to FNG post-Transaction will not give rise to competition concerns in the market. The Transaction will not alter the structure of the market nor the Parties' incentives because their relationship would remain the same and Grand Titan would retain indirect control over the acquired assets.

ACCORDINGLY, the Commission resolves to **CLEAR** the proposed acquisition by Federal Land NRE Global, Inc. of real properties of Federal Land, Inc. and GT Capital Holdings, Inc.

This Decision is rendered solely based on the facts disclosed, the circumstances of the proposed Transaction known to the Commission during the review period, and the documents submitted by Federal Land NRE Global, Inc., Federal Land, Inc., and GT Capital Holdings, Inc.

SO ORDERED.

4 May 2023.

[redacted]

MICHAEL G. AGUINALDO
Chairperson

[redacted]

MARAH VICTORIA S. QUEROL
Commissioner

[redacted]

MICHAEL B. PELOTON
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